Health and Human Services Commission
Hospital Payment Advisory Committee (HPAC)

Department of Aging and Disabilities Services Complex
John H. Winters Building, Public Hearing Room
701 W. 51st, Austin, TX

Meeting Minutes
May 5, 2016

Members Present:	**Members Absent:**
William Galinsky, Chair	Alec King
Timothy McVey, Vice Chair	Eric Hamon
Phillip Caron	
Steven Hand	
Rebecca McCain	
Diana Strupp	
Michael Nunez	
Bill Bedwell	
Stephen Kimmel	
Sharon Clark	

1. **Opening Comments, Introduction of New Members – William Galinsky, Hospital Payment Advisory Committee Chair**

   Mr. Galinsky called the meeting to order at 1:29 pm; based upon members in attendance, a quorum was present. Mr. Galinsky announced a new process requested by the Advisory Committee Coordinators Sallie Allen and Suzanna Carter, committee members are asked to sign in at each Committee meeting beginning with today's meeting. Mr. Galinsky introduced the new HPAC Advisory Committee Coordinator Suzanna Carter and new HPAC member Sharon Clark. Prior to Ms. Clark having joined Tarrant County Hospital District, JPS Health Network in Fort Worth, she was with Children's Hospital for 16 years and previously with Covenant Hospital in Lubbock for 6 years. Mr. Galinsky announced Alec King is leaving Texas Children's Hospital and the HPAC Committee and is going to Children's National in Washington, D.C.

2. **The February 11, 2016 meeting minutes were not available; review of the minutes was postponed until the next HPAC meeting.**

   Committee member comments:

   Phil Caron observed at past HPAC meetings the Committee members received items for vote; however, more recently rules presented at HPAC are information only. Bill Galinsky responded many of the rules are on an expedited process which does not allow opportunity for Advisory Committees to recommend official changes to the rules. Gary Young commented it has to do with the sequencing of the rules and the expedited time frame many of the rules are on. HHSC seeks the Committee's advice; however, some of the rules are being pushed through the process

out of necessity at a very fast pace and HHSC has not had opportunity to bring the rules to a vote.

NOTICE OF INFORMATIONAL ITEM:

3. Delivery System Reform Incentive Payment (DSRIP) Program Transition June

Health and Human Services Commission (HHSC) proposes new Title 1, Part 15, Chapter 354, Subchapter D, Division 5, concerning Actions in Preparation for Extension of the DSRIP Program. The new division consists of §354.1641, concerning Definitions; §354.1643, concerning Medicaid and Low-income or Uninsured (MLIU) Quantifiable Patient Impact (QPI); §354.1645, concerning Electing to Continue a DSRIP Project in the Waiver Extension Period; §354.1647, concerning Requests for Adjustments to Certain DSRIP Projects; and §354.1649, concerning Certain Requirements for the Planned Transition Year and their Exceptions.

In September 2015, HHSC proposed to the Centers for Medicare & Medicaid Services (CMS) an extension of the Texas Healthcare Transformation and Quality Improvement Program, a Section 1115 Waiver expires on September 30, 2016. As part of the extension of the 1115 Waiver, HHSC intends to extend the DSRIP program. DSRIP is a program for hospitals and certain other providers to implement transformative projects to increase access to care and quality of care.

To prepare for expected changes in the structure of DSRIP, HHSC proposed a transition year to coincide with the first demonstration year in the extension period (or sixth demonstration year overall). Performing providers must take certain steps to prepare for the transition year. These proposed new rules describe the steps expected of performing providers.

First, a performing provider may elect to continue, end, or replace its existing projects. Second, a performing provider may request adjustments to certain DSRIP project characteristics. Third, HHSC plans to require the provision of Quantifiable Patient Impact - data by a particular method and will require performing providers report Medicaid identification numbers as a necessary component to getting a DSRIP payment. HHSC is offering exceptions to certain performing providers.

Ardas Khalsa, Deputy Director for Transformation Waiver Operations, HHSC Medicaid/CHIP

Committee members had several questions about this rule item.

Rebecca McCain asked whether feedback has been received on the protocols which were due in June as the anchors would like to minimally see a draft of what is being discussed regarding the protocols.
Ardas Khalsa responded by saying there is a draft of the program funding and mechanics protocols posted on the Waiver website. Substantive discussions with CMS have not been implemented because of the work to get the initial extension. Ardas' team has contacted CMS to ask the earliest time work can commence on the protocols. If an agreement is not reached with CMS during the 15 month period, DSRIP begins to scale down by 25% per year. HHSC will work on what it would take for DSRIP not to be scaled down. Ms. Khalsa thinks this will mean

HHSC defining what will make sense for Texas and asking CMS respond. HHSC has timelines for Demonstratin Year DY 7 through DY10 planning.

Rebecca Cain asked why HHSC is requesting Medicaid ID numbers and for what purpose. Ms. Khalsa responded work is being done to create a secure reporting system. One of the main concerns of CMS and of HHSC is to work to strengthen the Medicaid program which has both Medicaid and uninsured, and others who can be served through the DSRIP projects; allowing for analysis and potential coordination with managed care organizations. Ms. McCain questioned which MCOs are Medicaid beneficiaries largely enrolled in. Ms. Khalsa replied, if HHSC had Medicaid ID numbers, better matching of DSRIP providers and MCOs could be effected. CMS stated DSRIP is not an ongoing funding source; HHSC is looking for ways to sustain work which is taking place.

NOTICE OF PROPOSED RULES / ACTION ITEMS:

4. DSRIP Program Transition Year

HHSC proposes new Title 1, Part 15, Chapter 354, Subchapter D, Division 6, concerning DSRIP Program Transition Year. The new division consists of §354.1661, concerning Definitions; §354.1663, concerning Requirements of Continuing DSRIP Projects; §354.1665, concerning Requirements for Continuing DSRIP Projects; §354.1667, Performance Bonus Pool (PBP) Requirements); §354.1669, Requirements for Combining Certain DSRIP Projects; §354.1671, concerning DSRIP Requirements for Uncompensated Care Hospitals; §354.1673, concerning Remaining DSRIP Funds; and §354.1675, concerning Anchor Requirements. HHSC also proposes to amend Chapter 354, Subchapter D, Division 3, §354.1624, concerning Independent Assessment of DSRIP Projects.

In September 2015, HHSC proposed an extension of the Texas Healthcare Transformation and Quality Improvement Program, a Section 1115 Waiver which expires on September 30, 2016. As part of the extension of the 1115 Waiver, HHSC intends to extend the DSRIP program. DSRIP is a program for hospitals and certain providers to propose transformative projects which will increase access to care and quality of care.

Changes in the structure of DSRIP in later years of the 1115 Waiver extension are expected. To allow for time to address future changes, HHSC proposed to (CMS a transition year to coincide with the first demonstration year in the extension period (or sixth demonstration year overall). The proposed rules in new Division 6 outline the requirements for the transition year.

In this transition year, HHSC proposes to simplify the structure and administration of the DSRIP program while maintaining the overall level of funding to performing providers (or "performer" as used in the DSRIP rules). HHSC proposes to focus payments more directly on the impact to patients. Additionally, HHSC hopes to innovate within the DSRIP program by adding a performance bonus pool for the various regional healthcare partnerships (RHPs). This bonus pool will further incentivize members of the several RHPs to collectively strive to address critical regional needs.

HHSC is currently negotiating with CMS on the extension of the DSRIP program and the policies surrounding the transition year. However, the proposed rules mirror the proposal made to CMS regarding the transition year. HHSC will update these rules, as necessary, in accordance with CMS guidance.

HHSC is also proposing an amendment to §354.1624 to specify compliance monitoring is an ongoing process which will continue in the transition year and to clarify providers' responsibility to provide any requested documentation to the independent assessor and HHSC. The proposed amendment also clarifies HHSC can initiate recoupments based on the findings of the independent assessor.

- *Ardas Khalsa, Deputy Director for Transformation Waiver Operations, HHSC Medicaid/CHIP*

Steve Hand asked what would cause a Recoupment. Ms. Khalsa explained reporting documentation for DSRIP is submitted for staff review; if there is a lack of documentation, staff may flag the compliance monitor; it is basically an audit. Stephen Kimmel requested consideration be given for providing clarification to providers to define acceptable documentation. Ms. Khalsa agreed, HHSC needs to be clear in their definition of acceptable documentation. Bill Galinsky requested an explanation of how the DSRIP incentive pool will function. Do hospitals have to have their own intergovernmental transfer (IGT) for the incentive pool. Ms. Khalsa explained there will be a standardized structure for metrics; many of the DSRIP projects had developmental metrics in Waiver 1.0. Michael Nunez asked if the performance pool only applies to DY6 and not to DY7. Ms Khalsa explained the measures would be selected in DY6. HHSC is working with their external quality review organization, The Institute of Child Health Policy to have State level data; the providers would not have to report data directly. In DY6, payment to providers would be to select the measures. The performance would be measured beginning in DY7 and forward for the distribution of funds for a portion of the incentive pool. Mr. Galinksky asked how the performance pool is to be funded. Ms. Khalsa replied the name will likely be changed to Regional Performance Pool. Currently Category 4 is pay for reporting certain measures for hospitals. The same portion of funds would become the Regional Performance Fund, there would not be an additional bonus. Hospitals which have had IGT for Category 4; the same IGT would exist for the Regional Performance Pool. Bill Bedwell asked for consideration in the balance of the IGTs and for anchor payments to be re-implemented. Michael Nunez asked about the percentage calculation of the regional pool. Ardas explained the percent is calculated on the overall provider rather than project by project which becomes the potential of what the provider would earn with the performance. Tim McVey asked if the mathetics have been decided on how the money gets distributed out to the providers. Steve Kimmel asked if the region and the stakeholders will have discretion on how the money gets allocated amonst the members. Ardas explained a list of measures are under consideration; baseline data will be requested from The Institute of Child Health Policy. Based on the measures, a Region will be able to set goals to meet to allow the providers in the region to achieve the payments. Ms. McCain asked if providers in the region includes State Hospitals.

Ardas explained currently there is no mechanism in place to bring in new performing providers to DSRIP. Ms.McCain asked to go on record as saying providers have concerns about the ACOs and advance payment models and would like to be engaged in the conversations. Ms. Khalsa asked for input from stakeholders. Diana Strupp noted an opportunity may never exist for a new

DSRIP provider, unless it is granted in the proposed rules in this transition year. Ms. Khalsa agreed there is not a current way for new providers to enter into the program. Tim McVey asked for clarification regarding hospitals dropping out and monies becoming available; if there would be provided a way for new providers to enter into the program. Ms. Khalsa responded by saying HHSC anticipates most providers will elect to continue.

Tim McVey asked if he correctly assumes the payment or fees an independent assessor makes will not be based on savings the program generates. Ardas confirmed there is a portion of the current IGT which pays the independent assessor.

Action on Item 4
Rebecca McCain moved to approve the rule as written.
Steve Hand seconded the motion.
The motion to approve the rule passed unanimously.

Testimony:

Linda Townsend, Director of State Legislative Affair & Public Policy, Christus Health, testified in support of the rule.

The following updates were presented by HHSC staff as requested by Bill Galinsky:

Waiver 2.0 Status Update by Ardas Khalsa.
Safety Net Payment Update by Matt Ferrara.
DSRIP, Uncompensated Care (UC) update by Mance Fine.

5. **Public Comment.**
No additional public comment was received.

6. **Proposed next meeting: Thursday, August 4, 2016, 1:30 pm.**

7. **Meeting Adjourned.**